



President Bush's Budget is Morally Wrong, Fiscally Irresponsible **Bush Budget Places Unequal Burden on Women and Minorities**



President Bush's Budget is Morally Wrong, Fiscally Irresponsible

Bush Budget Places Unequal Burden on Women and Minorities

On February 7, 2005, the President submitted his Fiscal Year 2006 budget request. Rather than presenting the American people with a moral and fiscally responsible vision for the country that expands opportunities for all Americans, the President has proposed a budget that is irresponsible, misleading, and favors powerful special interests over hard-working American families.

Senate Democrats will fight for a budget that honors responsibility, opportunity, and security. We believe it is irresponsible to burden our children with trillions of dollars of debt for decades to come. We believe it is misleading to tell the American people that the President's budget cuts the deficit when it hides the nation's true fiscal condition from the American people.

In addition to giving an overview of the President's misplaced budget priorities, this report focuses more specifically on five critical areas to demonstrate how the President's budget would negatively impact all Americans and place an unequal burden on minorities and women: 1) education; 2) health care; 3) small business; 4) housing; and 5) the environment and energy.

THE PRESIDENT'S BUDGET IS MORALLY WRONG, FISCALLY IRRESPONSIBLE

The President's Budget Increases the Deficit and Conceals True Costs. The President has consistently stated his commitment to cutting the deficit in half by 2009 so as not to burden future generations with debt. The President's budget, however, hides the real cost of his proposals by:

- Hiding the \$1.6 trillion ten-year cost of making his proposed tax cuts permanent;
- Ignoring the \$774 billion ten-year cost of reforming the Alternative Minimum Tax (AMT);
- Concealing the long-term costs associated with ongoing military operations;
- Dismissing the nearly \$5 trillion cost of implementing the President's Social Security privatization plan; and
- Providing only one year of discretionary spending and hiding the true costs of proposed funding levels.

If these true costs are included, federal budget deficits will continue to exceed \$500 billion per year and will reach \$569 billion by 2010.

The President's Budget Negatively Affects Women and Minorities. The President's budget cuts many programs that are critical to a higher standard of living for millions of women and minorities.

On education, the President's budget:

- Freezes bilingual education for English language learner (ELL) students and their families (79 percent of whom are Hispanic);
- Eliminates Even Start, a program that provides early childhood education, adult education, parenting education, and interactive literacy activities for parents and children (nearly half – 46 percent – of whom are Hispanic); and
- Makes it more difficult to obtain a college education by providing only \$100 a year more for the maximum Pell Grant and eliminating the Perkins Loan program. (Only 11.4 percent of Hispanics and 17.3 of African Americans -- compared to 27.2 of the overall population -- have received a bachelor's degree.)

On health care, the President's budget:

- Reduces Medicaid funding over 10 years by \$60 billion (this cut could mean preventing some of the nation's most vulnerable people from obtaining the health care they need), even though 32.7 percent of Hispanics and 19.5 percent of African Americans are uninsured; and
- Eliminates the Preventive Health and Health Services Block Grant and freezes funding for the Maternal and Child Health Block Grant even though the United States has one of the highest infant mortality rates among developed nations (and rates for Hispanics of Puerto Rican origin are 1.5 times higher than whites and twice as high for African Americans).

On small business, the President's budget:

- Eliminates the Small Business Administration Microloan Program, critical to connecting women-owned and minority-owned businesses with capital, and suggests small businesses apply instead for loans through the SBA's 7(a) loan program, which ignores the fact that small businesses that benefit from microloans do not have the necessary credit to qualify for 7(a) loans; and

- Denies funding for sustainability grants for Women's Business Centers (WBCs), which provide women small business owners with access to information about financial management, marketing, and other small business essentials.

On housing, the President's budget:

- Requests only half of the number of Section 8 vouchers lost this year because of lack of funding (370,000 people could be prevented from obtaining vouchers).
- Cuts funding for the Office of Healthy Home and Lead Hazard Control by 29 percent, an office specifically dedicated to addressing housing-related childhood disease prevention, such as asthma, lead poisoning, and carbon monoxide poisoning.

On the environment and energy, the President's budget:

- Cuts the Clean Water State Revolving Fund, a program that provides state and local governments with grants to improve water quality, by a third (from \$1.103 billion to \$730 million) and cuts \$42 million from the Clean Air and Global Climate Change Program, even though 80 percent of all Hispanics and 65 percent of all African Americans are living in a county or city that fails to meet at least one of the EPA's ambient air quality standards.

The President's Budget Lacks a Moral Vision. The *Budget Message of the President* states that the Fiscal Year 2006 budget "affirms the values of our caring society. It promotes programs that are effectively providing assistance to the most vulnerable among us." However, many of the 150 programs that are eliminated or drastically cut back in the President's budget, including at least 48 education programs, support economic development and expand opportunities for millions of Americans.

The President's Budget Overlooks the Middle Class, Spoils the Rich. The President's budget includes \$1.6 trillion in new tax cuts (2006-15) that benefit the wealthiest Americans while it simultaneously cuts funding for our schools, environment, small business owners, and health care. Ninety-seven percent of the new tax cut proposals will go to the top 3.7 percent of the wealthiest households (those earning more than \$200,000 a year). (Senate Budget Committee Democratic Staff, "Brief Analysis: President Bush's FY 2006 Budget," 2/8/05; Center on Budget and Policy Priorities, "What the President's Budget Shows About the Administration's Priorities," 2/9/05)

The President's Budget Abuses the Supplemental Appropriations Process. Even House Armed Services Readiness Subcommittee Chairman Joel Hefley (R-CO) stated his concern over the Bush Administration's questionable dependence on emergency supplemental spending to cover predictable costs. "My theory has always been that you put in the supplemental things that surprise you...It does trouble me that we've adopted this theory of budgeting." (*CongressDailyAM*, "Subcommittee Voices Dismay Over Supplemental Spending," 3/4/05)

The President's Budget Is Out of Touch With the Priorities of the American People. A recent survey conducted by the *Washington Post* shows that "63 percent of respondents say the president has different priorities on domestic issues than most Americans." Ninety percent of the 1,111 adults polled said the deficit is a "very or somewhat serious problem." (*New York Times*, "New Poll Finds Bush Priorities Are Out of Step with Americans," March 3, 2005)

EDUCATION

All children deserve an education that enables them to fully develop their abilities and creates real opportunities for them to succeed. An educated citizenry is also essential to a well-functioning democracy, economic competitiveness, and the security of our nation.

Despite the importance of education to our children and our nation's future, the President's budget proposes cutting federal education funding for the first time in a decade. The President's budget reduces education funding for Fiscal Year 2006 by \$1.3 billion below the amount necessary to maintain purchasing power and by \$530 million below the amount approved for 2005. These cuts would deny many Americans, including African Americans and Hispanics, access to critical educational opportunities. (Senate Budget Committee Democratic Staff, "Brief Analysis: President Bush's FY 2006 Budget," 2/8/05)

If adopted, these proposals would:

- Eliminate at least 48 education programs, including Even Start; Safe and Drug-Free Schools State Grants; the dropout prevention program; all vocational education programs; parental information and resource centers; and Perkins Loans for college students; and
- Cut funding for 16 programs, including adult education state grants and state grants for innovation.

The President's Budget Underfunds Elementary and Secondary Education by \$12.1 Billion. The *No Child Left Behind Act* (NCLB) is the landmark federal law designed to improve academic performance and reduce the achievement gap between students in grades 3 through 8. While President Bush proposes a small increase in funding for NCLB, it is \$12.1 billion below the amount authorized by the law. This shortfall occurs at a time when states and local school districts are struggling to comply with NCLB's requirements. A bipartisan report by state legislators recently found that federal funding is insufficient to cover the activities states will have to implement to meet NCLB's proficiency goals. (National Conference of State Legislatures, Task Force on No Child Left Behind, Final Report, February 2005)

Rather than support English language learner (ELL) students and their families (79 percent of whom are Hispanic) the President's budget freezes bilingual education and eliminates Parent Assistance Programs. (The National Council of La Raza, "Preliminary Analysis of the Proposed FY 2006 Federal Budget," 2/14/05)

The President's Budget Eliminates Even Start. If, as a nation, we truly value families, we must support opportunities that provide families access to education. Even Start, a family-focused program, offers early childhood education, adult education, parenting education, and interactive literacy activities for parents and children. All \$225 million of the Even Start program is eliminated in the President's budget. Almost half (46 percent) of all families that participate in Even Start are Hispanic and 19 percent are African American. Eighty-four percent of the families served by Even Start are living at or below the federal poverty line. Eighty-four percent of parents served by Even Start have no high school diploma or GED and nearly half did not reach the 9th grade. (Department of Education Office of Elementary and Secondary Education, "Even Start Facts and Figures," 2003)

The President's Budget Inadequately Funds Head Start. Head Start programs have been working for four decades to ensure that low-income children enter elementary school ready to learn. Despite the importance of early childhood education, the President's budget provides inadequate funding for Head Start. While total funding would increase to accommodate nine new pilot programs, funding for the base program would be frozen, fail to provide for increased costs, and could result in the elimination of Head Start services for 25,000 children. (The National Head Start Association, "Special Report: Enrollment Cuts in Fiscal Year 2006," 2/18/05)

The President's Budget Underfunds Special Education by \$3.6 Billion. Because all students have a right to develop to their full potential, the nation is committed to providing a free, appropriate public education to children with disabilities. Even though the *Individuals with Disabilities Education Act* (IDEA) was just reauthorized at the end of 2004, the President's budget proposal would fund special education at \$3.6 billion below the authorized level. Federal funding to states would remain at less than half of the full funding level that the federal government has committed to paying.

The President's Budget Cuts Education Technology State Grant by \$496 Million. Despite the President's stated goal of "promoting economic opportunity for all Americans," he proposes cutting vital technology grants that help close the digital divide. These grants offer opportunities for Americans to be trained and prepared for the jobs of the 21st Century. This cut disproportionately impacts Hispanics and African Americans (over 42 percent of Hispanics and 30.5 percent of African Americans have never used a computer). (National Telecommunications and Information Administration, Internet Access and Computer Use, 1999)

The President's Budget Eliminates All Vocational Education Funding. Our nation relies on well-trained, skilled workers. The Carl D. Perkins Career and Technical programs help more than 10 million students by providing them with the technical skills and academic instruction they need to enter the workforce. Unfortunately, the President's budget eliminates all federal funding for vocational education.

The President's Budget Shortchanges Adult Education. The President's budget decreases Fiscal Year 2006 funding for adult English Language Acquisition and Civics even though these programs are increasingly in demand. In 2002 and 2003, over 2.7 million adults were enrolled in state-administered adult education courses, with 1.1 million adults in English as a Second Language (ESL), the fastest growing component. Forty-three percent of students in adult education programs were Hispanic, 20 percent were African American, and more than half (54 percent) were women. (Department of Education, "Adult Education and Literacy," <http://www.ed.gov/about/offices/list/ovae/pi/AdultEd/ae facts.html>, accessed 3/16/05)

The President's Budget Underfunds Programs for Farm Workers' Children. The budget provides no additional funding for the Migrant and Seasonal Head Start (MSHS) program. Only 19 percent of all children of migrant and seasonal farm workers have access to MSHS. The President's

budget also eliminates the National Farmworker Youth Program, which offers tutoring, mentoring, job training, career counseling, and health referrals to migrant and seasonal farm oworker youth between the ages of 14 and 21. (The National Council of La Raza, "Preliminary Analysis of the Proposed FY 2006 Federal Budget," 2/14/05)

The President's Budget Makes It Harder for Americans to Prepare for College. The President's budget eliminates or reduces key programs that enable students – especially minority and less affluent students – to prepare for college. GEAR UP and Upward Bound, for example, are eliminated. These programs are especially important to minority students; only 11.4 percent of Hispanics and 17.3 percent of African Americans in the United States have received a bachelor's degree, compared to 27.2 percent of the overall population and 27.6 percent of the non-Hispanic white population. (US Census Bureau, "Educational Attainment in the United States: 2003," June 2004)

The President's Budget Makes It Harder for Americans to Afford College. College costs are increasing at a dramatic pace. Depending on the type of school, families can expect to pay an average of \$167 to \$1,132 more this year in tuition and fees than they did in the 2003-2004 school year. Tuition and fees for a four-year public university have gone up 10.5 percent from last year, an average of \$538. The President's budget, however, increases the maximum Pell Grant by only \$100 per year for the next five years and eliminates the Perkins Loan program completely. The budget also recalls \$6 billion in Perkins Loan revolving funds currently held by colleges. (The College Board, "2004-2005 College Costs," 2005; Senate Budget Committee, Democratic Staff, "Brief Analysis: President Bush's FY 2006 Budget," 2/8/05)

HEALTH CARE

In his State of the Union address, the President stated, "to make our economy stronger and more productive, we must make health care more affordable and give families greater access to good coverage." President Bush's budget, however, proposes substantial cuts in many health care programs, including the Centers for Disease Control and Prevention, the Health Resources and Services Administration, and the Substance Abuse and Mental Health Services Administration. The impact of the President's proposal will become even more severe in the years ahead; discretionary health programs will face a 14 percent real cut in Fiscal Year 2010 under the President's plan. (Center on Budget and Policy Priorities, "Where Would the Cuts Be Made Under the President's Budget?," 2/28/05)

The President's Budget Exposes the Most Vulnerable Americans to Increased Risk. Medicaid is an essential source of health coverage to millions of low-income children, adults, senior citizens, and people with disabilities. If Medicaid had not been available during the recent economic downturn, or if federal funding had been more restricted, then the number of uninsured Americans would be even higher than the current 45 million. According to the United States Census Bureau, about 32.7 percent of Hispanics, 19.5 percent of African Americans, 18.7 percent of Asians, and 11.1 percent of whites are uninsured. Yet the President's budget proposes a \$60 billion reduction in federal Medicaid funding over 10 years. This reduction could prevent some of our most vulnerable citizens from obtaining the health care they need, shift costs to states that have already been struggling to cover Medicaid expenditures, and increase the amount of uncompensated care incurred by hospitals and physicians. (US Census Bureau, "Income, Poverty, and Health Insurance Coverage in the United States: 2003," 2004)

The President's Budget Underfunds Important Medical Research. The National Institutes of Health (NIH) conducts important basic research that ultimately leads to new treatments and cures for all Americans. Under the President's budget proposal, the NIH would receive its smallest funding increase since 1970. The 0.5 percent increase is not sufficient to even cover the increasing cost of performing biomedical research, and the number of NIH research project grants would drop by 402 in Fiscal Year 2006. Scientists are already expressing concern that the NIH is not able to fund promising research in areas other than bioterrorism preparedness.

The President's Budget Shifts Health Care Costs to Veterans at a Time of Critical Need. The nation has a special obligation to support the soldiers who have served in the military and their families, especially as a new generation of veterans arrives home from Afghanistan and Iraq. Yet the President's budget proposal would require certain veterans with disabilities to pay a \$250 annual fee to use the veterans' health system and would more than double the co-payment that many veterans would have to pay for prescription drugs. His budget would also extend a ban on the enrollment of moderate-income veterans into the veterans' health system and would decimate funding for VA nursing homes and for medical and prosthetic research.

The President's Budget Does Not Support Prevention and Health Promotion. While funding preventive health is common sense and good medicine, the President's budget either cuts or freezes funding for many of these important programs. His budget proposes a \$59 million

cut in chronic disease prevention and health promotion, which funds efforts to prevent and control serious health problems such as obesity. Nearly 65 percent of adults and roughly 16 percent of children in the United States are obese or overweight. Within the African American community, roughly 70 percent are considered overweight and about 40 percent are obese. Among Mexican Americans, nearly 74 percent are considered overweight and almost 35 percent are obese.

The President would eliminate the Preventive Health and Health Services Block Grant and the universal newborn hearing screening program. His budget also would freeze funding for the Maternal and Child Health Block Grant and would cut funding by \$5 million for Healthy Start, even though the United States has one of the highest infant mortality rates among developed nations. According to the United States Health and Human Services Office of Minority Health, the infant mortality rate for African Americans is more than twice the rate of white infants; the infant mortality rate for American Indian and Alaska Native infants is 70 percent higher; and among Hispanics of Puerto Rican origin, the infant mortality rate is 1.5 times higher. (HHS Office of Minority Health, "Closing the Health Gap: Infant Mortality and SIDS," 10/26/04; HHS, "Physical Activity is Fundamental to Preventing Disease," 6/20/02; American Obesity Association, "Obesity in Minority Populations," 2002; CDC National Center for Health Statistics, "Prevalence of Overweight Among Children and Adolescents in the United States, 1999-2002," 2/8/05)

The President's Budget Reduces Bioterrorism Preparedness. The federal government must play a critical role in preparing the nation for the possibility of bioterrorism. While the President's budget proposes additional funds to expand the national stockpile of vaccines and antibiotics to be used during such an attack, the President has proposed a \$130 million reduction in federal funding for bioterrorism preparedness activities in states and in our local communities. This proposed funding reduction would come at a time when many basic bioterrorism detection, diagnosis, and response capabilities are still not in place at the state and local level.

SMALL BUSINESS

Thriving small businesses help create robust local economies and a higher standard of living for millions of Americans. Small businesses make up nearly 50 percent of our nation's gross domestic product and create roughly two-thirds of all new jobs. According to the Department of Energy's Small Business Resource Center, "Giving special consideration to small business is a national security

and economic policy which has been reaffirmed by every President and every Congress since 1958." (DOE, "Small Business History," accessed 3/10/05, <http://www.doeal.gov/cpd/smallhis.htm>)

Over the last twenty-five years, the face of American small business has changed dramatically. According to the Small Business Administration (SBA), from 1979 to 2003, self-employment by women, Hispanics, and African Americans increased significantly. In 2003, there were 3.8 million self-employed women in the United States (more than twice the amount in 1979), 710,000 African Americans (a historic high), and 1 million Hispanics. The four-year survival rate of minority-owned businesses is lower than non-minority-owned businesses, making small business protection and assistance uniquely important to these communities. While the four-year survival rate for non-minority-owned businesses is about 72.6 percent, the four-year survival rate for Hispanic-owned businesses is 68.6 percent and for African American-owned businesses, 61 percent. (Small Business Administration, "Self-Employed Business Ownership Rules in the United States: 1979-2003," December 2004; Small Business Administration, "Dynamics of Minority-Owned Employer Establishments, 1997-2001," February 2005)

The President's budget, however, eliminates economic opportunities for small business owners, increases obstacles to obtain small business loans, and further limits access to lucrative networks for women and minorities. In all, the President's budget reduces funding for the SBA by \$85 million. In comparison with other federal programs, the expenditures for small business initiatives are minimal, but their return is enormous. Every dollar counts when we are investing in our local economies.

The President's Budget Denies Small Businesses Development Opportunities. For the fourth year, the President's budget flatlines funding for Small Business Development Centers (SBDCs), preventing these centers from keeping up with the rate of inflation and the growing needs of small businesses. In a letter to Senate Budget Committee Chairman Judd Gregg and Ranking Democratic Member Kent Conrad, Republican Senator Olympia Snowe argued, "The SBDC program is a tremendous bargain for the taxpayers, returning \$2.60 in federal tax revenues for every one dollar spent. In addition, the SBA reports that in 2003, the SBDCs training and counseling helped create or retain 163,647 jobs and generate almost \$7.2 billion in tax revenue." (Letter to Chairman Gregg and Ranking Member Conrad from Senator Snowe, 2/18/05)

The President's Budget Eliminates SBA Microloan Pro-

gram. Loans provided through the SBA are critical to women- and minority-owned businesses. In Fiscal Year 2004, SBA Administrator Hector Barreto reported that out of \$21.3 billion in loans, “nearly one-third went to women-owned and minority-owned businesses, more than any prior year; over \$500 million went to African Americans; approximately \$2.8 billion went to women; over \$1.2 billion went to Hispanics; and over \$115 million went to the Native American community.”

Unfortunately, the President’s budget eliminates the microloan and microloan counseling program (also referred to as technical assistance or TA). The Administration recommends that small businesses instead apply for loans through the SBA’s 7(a) loan program, ignoring the fact that small businesses that benefit from microloans do not have the necessary credit to qualify for 7(a) loans. Even Administrator Barreto stated that these loans “truly serve those small businesses that would otherwise have a difficult time accessing capital from the lending world.” (Statement of Hector V. Barreto, Administrator, Small Business Administration, “SBA’s Fiscal Year 2006 Budget Request,” 2/14/05)

Further, these loans are cost-effective. In her letter to Senators Gregg and Conrad, Senator Snowe stated, “according to the SBA’s Office of Advocacy, the 7(a) program created or retained one job for every \$23,600 in loans, and the 504 program created or retained one job for every \$26,043 in loans, while the Microloan program created or retained one job for every \$3,608 in loans.” (Letter to Chairman Judd Gregg and Ranking Member Kent Conrad from Senator Olympia Snowe, 2/18/05)

The President’s Budget Deprives Small Businesses of Capital. The President’s budget eliminates the Small Business Investment Company (SBIC) Participating Securities Program, one of three Small Business Administration venture capital programs. Without this program, small businesses would be denied capital investments and long-term loans because most venture capital firms prefer to invest in larger deals that become profitable more quickly.

The President’s Budget Denies Funding for Women’s Business Centers (WBCs). The President’s budget does not fund sustainability grants for WBCs. This cut of \$500,000 would prevent nearly half of the 104 WBCs, which are located in 47 states, the District of Columbia, Puerto Rico, and the Virgin Islands, from receiving competitive sustainability grants. These grants are awarded to the most successful WBCs, each of which provides women with access to information about finance management, marketing, and other small business essentials. Further, WBCs are highly cost-effective. The SBA reported that

in 2003 WBCs assisted in the creation of 6,500 jobs and \$235 billion in revenue.

The President’s Budget Eliminates Initiative Tailored to Low-Income Entrepreneurs. The Program for Investment in Microentrepreneurs (PRIME), which is specifically focused on intensive training and counseling for low-income entrepreneurs, is eliminated in the President’s budget.

The President’s Budget Eliminates Targeted Technology Funding. Failing to make good on his stated commitment to improving technology and rewarding entrepreneurs, the President’s budget eliminates funding for matching grants to states that do not have the same technological opportunities or level of activity as other states, by de-funding the SBIR Federal and State Technology Partnership (FAST) Program and Rural Outreach Program (ROP).

HOUSING

A safe, healthy home is an essential part of the American dream. In his State of the Union Address, the President asked Members of Congress to work with him on “broader home ownership, especially among minorities.” Unfortunately, the President’s budget will keep the dream of safe, healthy housing out of reach for millions of Americans.

The President’s Community Development Cuts Would Be Devastating. The President proposes consolidating 18 federal economic and community development programs, including the Department of Housing and Urban Development’s Community Development Block Grants (CDBG), reducing funding for these programs by \$2.1 billion (36 percent). These programs, which provide employment training, child care, domestic violence victims’ assistance, transportation services, crime awareness, and legal services, serve over 13 million people. In addition to creating and retaining 90,000 jobs and assisting over 11,000 people to become homeowners in 2004, CDBG funds also helped to rehabilitate almost 19,000 rental-housing units and over 112,000 owner-occupied single family homes. Many mayors across the nation oppose these cuts. Mayor Seghini of Midvale, Utah stated, “This hurts the neediest of the needy...These cuts will hurt people who can least stand to have something removed from their tool kit for survival.” (Senate Budget Committee Democratic Staff, “Brief Analysis: President Bush’s FY 2006 Budget,” 2/8/05; NLIHC, “President’s Budget Out of Step with National Priorities,” 2/4/05; *Deseret Morning News*, “Lawmakers decry federal budget cuts,” 2/13/05)

According to Sheila Crowley, the President of the National Low Income Housing Coalition, “A cut of this magnitude will force communities to close youth centers, curtail neighborhood revitalization programs, help fewer elderly homeowners stay in their homes, leave poor neighborhoods without water and sewer services, and reduce or eliminate a host of other activities that CDBG has made possible for 30 years. What is truly insulting is that these communities are being asked to sacrifice to help reduce the federal deficit, when wealthy Americans are enjoying the tax cuts that fueled the deficit and sacrificing nothing.” (NLIHC, “President’s Budget Out of Step with National Priorities,” 2/4/05)

The President’s Budget Cuts Initiatives for First-time Homeowners. In 2002, the President set a goal of increasing minority homeownership by 5.5 million within eight years. However, the President’s budget cuts Housing Counseling assistance by \$2 million. Housing Counseling assistance educates families on how to buy a home, avoid predatory lenders, and make payments on time. Minority homeownership lags at 51 percent compared to 69 percent of all American families. (Women’s Policy, Inc., “FY2006 Budget Summary,” 2/9/05, the National Council of La Raza, “Preliminary Analysis of the Proposed FY 2006 Federal Budget,” 2/14/05; US Department of Housing and Urban Development, “Statement from Secretary Alphonso Jackson on Record Homeownership Rate,” 1/27/05)

The President’s Budget Weakens Fair Housing Programs. The President’s budget cuts the Fair Housing Assistance Program from \$26 million to \$16 million and reduces the Fair Housing Initiatives Program from \$20 million to \$16 million. (National Low Income Housing Coalition, “Overview of the President’s FY06 Request for the Department of Housing and Urban Development,” 2/9/05)

The President’s Budget Puts Children’s Health at Greater Risk. The President’s budget cuts the Office of Healthy Home and Lead Hazard Control by 29 percent. This office addresses housing-related childhood disease prevention, such as asthma, lead poisoning, and carbon monoxide poisoning. (Representative Nydia M. Velázquez, “Statement for the Record Financial Services Committee Hearing on the FY 06 HUD Budget,” 2/2/05)

The President’s Budget is Misleading About Housing Vouchers for Families, Seniors and the Disabled. Section 8, the federal government’s housing voucher program, provides vouchers to nearly 2 million low-income families, seniors, and the disabled to rent housing in the private market. Once again, the President’s budget misleads with

its numbers. According to Barbara Sard, the Director of Housing Policy at the Center on Budget and Policy Priorities, “The Administration is calling for about 40,000 new vouchers in 2006, but these would replace only half the number of vouchers that were lost this year because of lack of funding.” Despite a modest increase in funding for the voucher program, simultaneous housing cuts could prevent 370,000 from obtaining vouchers. Currently, one in four low-income eligible families receive federal housing assistance. That ratio could worsen as an estimated 80,000 low-income families are expected to lose their vouchers this year alone. (Center on Budget and Policy Priorities, “Low-Income Housing Vouchers Could Be Cut Significantly Under Administration Budget Proposal,” 2/18/05)

The President’s Budget Cuts Housing for People with HIV/AIDS. The President’s budget decreases funding for the Housing Opportunities for Persons with AIDS (HOPWA) program by \$14 million. This program provides states and local governments with the necessary support and resources to create “long-term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families.” Funding for this housing program is critical as HIV infection rates persist. According to the Centers for Disease Control, HIV infection is the fifth leading cause of death for Americans between the ages of 25-44 and the leading cause of death for African American men ages 35-44. (Women’s Policy, Inc., “FY2006 Budget Summary,” 2/9/05; CDC, “Eliminate Disparities in HIV and AIDS,” 3/15/05)

ENVIRONMENT AND ENERGY

The United States must make a genuine commitment to care for our natural resources and create more efficient and affordable sources of energy. This is good public policy for both our environment and our national security. In his State of the Union Address, President Bush urged Congress to “pass legislation that makes America more secure and less dependent on foreign energy.”

Despite his statements during the State of the Union Address, the President’s budget cuts \$3.3 billion or 11 percent below the necessary amount to maintain purchasing power for programs vital to achieve independence from foreign energy sources and to protect our natural resources. The President’s budget does not show funding details after the first year; however, it is estimated that funding for natural resources and the environment will be cut another \$25.6 billion or 15.5 percent from 2006-10. (Senate Budget Committee Democratic Staff, “Brief Analysis: President Bush’s FY 2006 Budget,” 2/8/05. SBC Democratic Staff

used aggregate budget function totals to determine the 5 year cuts.)

Also, it is critical that while we work to free our nation from dependence on foreign oil, we work together to protect the environmental health of our communities here at home. There are many communities in America that face disproportionate human and environmental health hazards. Just fifteen years ago, in 1990, the nation began a formal effort to identify and address these inequities – that exist predominately in minority and low-income communities – culminating with the creation of the Office of Environmental Justice in 1994. The President's budget limits the work of this office by cutting \$1 million from environment justice initiatives. (Joint Conference Committee on the FY 2005 Consolidated Appropriations bill, Nov. 20, 2004; EPA, "Summary of EPA's 2006 Budget," February 2005)

The President's Budget Makes Us More Dependent on Foreign Oil and Less Able to Build a Sustainable Future.

America has become increasingly dependent on foreign oil. The amount of oil we consume from imported sources has increased from 58.2 percent in 2000 to 61.7 percent today. In order to decrease America's dependence on foreign sources of oil, it should be a national priority to strengthen research and development into sustainable energy that we can produce in the United States. While hydrogen research receives an increase in funding in the President's budget, it is an initiative that will take decades to produce a viable energy source, whereas investing in cleaner, renewable energy options would diversify our energy system. Nevertheless, the President's budget cuts key programs at the Department of Energy. (Department of Energy, Energy Information Administration, "Overview of US Petroleum Trade," February 2005)

Some of these cuts include:

- **Energy Efficiency and Renewable Energy.** The President's budget cuts the Department of Energy's Energy Efficiency and Renewable Energy (EERE) program by \$26.7 million or 7 percent, including cuts to hydropower, geothermal technology, and solar energy.
- **Fossil Energy Research and Development.** The President's budget provides Fossil Energy Research with \$491 million, a cut of \$94 million or 16 percent.
- **Energy Conservation.** Even though energy conservation programs save Americans money and reduce our nation's dependence on foreign oil, the President's budget cuts this critical area by \$36 million or 4 percent.

- **Energy Supply Initiatives.** Energy supply initiative programs are cut \$52 million or 5 percent in the President's budget.

The President's Budget Assumes Drilling in the Arctic National Wildlife Refuge (ANWR).

The President's Budget assumes revenue over a ten year period from oil and gas drilling in ANWR even though it is estimated that this drilling will only provide a short-term, limited amount of fuel at the cost of jeopardizing the way of life for the Gwich'in Native American communities, who have thrived alongside the migration route of the caribou and other wildlife for 20,000 years. A spokesperson for the Gwich'in people stated, "This is an extremist form of environmental racism. No one has the right to deprive a people of their subsistence rights. The Gwich'in have protected the Sacred Land Where Life Begins, the calving and nursery grounds of the Arctic National Wildlife Refuge for over 1,000 generations." (Alaska Coalition, "Gwich'in Nation Statement Regarding Arctic Refuge Vote," 3/16/05)

The President's Budget Cuts Funding for Clean Air and Water.

Access to clean air and clean water is fundamental to a healthy and productive society. According to the Environmental Protection Agency (EPA), 80 percent of all Hispanics and 65 percent of all African Americans are living in a county or city that fails to meet at least one of the EPA's ambient air quality standards. Yet the President's budget cuts the EPA by \$641 million or 8 percent below the necessary amount to maintain purchasing power. The Clean Water State Revolving Fund – a program that provides state and local governments with grants to improve water quality – will be cut by a third (from \$1.103 billion to \$730 million). In addition, the President's budget cuts \$42 million from the Clean Air and Global Climate Change Program. (Senate Budget Committee Democratic Staff, "Environment and Energy Proposals in President Bush's FY 2006 Budget," 3/2/05; EPA Environmental Justice, "What are some examples of Environmental Problems?" 3/14/05)

The President's Budget Leaves Hard-Working Families, Seniors, and Many Disabled Individuals Out in the Cold.

The Low Income Home Energy Assistance Program (LIHEAP) provides a vital safety net for our nation's low-income households. For many low-income families, disabled individuals, and senior citizens living on fixed incomes, home energy costs are unaffordable. These families often carry a higher energy burden than most Americans – spending more than 17 percent of their income on home energy bills. The program currently reaches fewer than 20 percent of the income eligible families, and it would need at least \$3 billion to equal the purchasing power it had in 1982. The President's budget proposes \$1.80 billion for

the regular LIHEAP program and \$200 million for contingency funding. For Fiscal Year 2005, LIHEAP received \$1.88 billion in regular funding and \$297.6 million in contingency funding. The President's Fiscal Year 2006 budget proposes an \$80 million (4.3 percent) decrease in regular funding and a \$97.6 million (32.8 percent) decrease in contingency funding.

The President's Budget Forces Taxpayers to Clean Up Polluters' Toxic Mess.

The Superfund is a program to clean toxic waste sites, including playgrounds that are contaminated with hazardous chemicals. Low-income families are more likely to live near a waste site and an estimated 3 to 4 million children live within one mile of a site. Rather than target polluters, the President's budget passes the \$31.5 million bill onto taxpayers, bringing funding from \$1.247 billion to \$1.279 billion. Yet even with this increase in taxpayer spending, the President's budget requests \$82 million less than was appropriated last year by Congress. Under this inadequate level of funding, the Bush Administration only plans to clean up 40 toxic waste sites, down from an average of 87 sites during the Clinton Administration. (CDC, Agency for Toxic Substances and Disease Registry, "Children's Health," 11/12/03)

The President's Budget Exposes Our Homes and Communities to Increased Risk.

The President's budget cuts the Lead Risk Reduction Program (LRRP) by almost \$445,000. Nearly two-thirds of American homes were built before the ban on the use of lead paint in the 1970's and lead in drinking water from lead pipes and fixtures continues to be a problem for the health of many American families. According to the EPA, "there is a particularly high concentration of lead problems in low-income and culturally diverse populations, who live in the inner city where the public housing units were built before 1970." (EPA Environmental Justice, "What are some examples of Environmental Problems?" 3/14/05)

The President's Budget Fails to Invest in a Great Economic and Ecological Asset.

In 2001, two prominent commissions convened by the President found that our nation's 4.5 million square miles of oceans must receive immediate federal investment for ocean science, management, and protection. Our nation controls more ocean area than any other nation in the world; as a global leader, the United States has a responsibility to protect the natural resource that provides both economic and ecological benefits to our nation. The President's budget, however, decreases National Oceanic and Atmospheric Administration funding by \$333 million or 8.5 percent of the current enacted levels.